

Message Text

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ACTION EB-08

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-----281937Z 012165 /43

R 281819Z MAR 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1090

INFO AMCONSUL BORDEAUX

AMCONSUL MARSEILLE

AMCONSUL LYON

AMCONSUL STRASBOURG

AMCONSUL NICE

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E. O. 11652: N/A

TAGS: BEXP,FR

SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR FRANCE:
PRELIMINARY RECOMMENDATIONS FOR FY79

REF: STATE 44899

1. OUR FIRST CUT AT FY79 LISTING OF CCP CAMPAIGNS AND OTHER SPECIAL POST EFFORTS (OSPE) IS BASED ON OUR BEST PROSPECTS SUBMISSION (PARIS 76 A-466), USDOC THEMES FOR FY 79 LISTED IN PARA 7 OF REFTEL, ANTICIPATED NEED TO CONTINUE AT LEAST ONE FY 78 CAMPAIGN, AND CCAG PERCEPTION OF LIKELY MARKET CONDITIONS IN FY 79. WE ARE ASSUMING PERSONNEL RESOURCES IN COMAFF AND USTC TO BE THOSE AVAILABLE AS OF MARCH 1976, MINUS POSITION NUMBER 20-5410-054 (JANET JOHNSTON) WHICH WE UNDERSTAND IS TO BE ELIMINATED. WE ALSO ASSUME NO FUNDAMENTAL CHANGE IN FISCAL RESOURCES. CAMPAIGNS AND OSPE'S ARE NUMBERED AND LISTED IN ORDER OF RECOMMENDED PRIORITY RANKING.

2. EMBASSY ADMINISTRATION SECTION HAS CONFIRMED THAT
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REQUIRED PERSONNEL AND FISCAL RESOURCES WILL BE INCORPORATED IN POST'S BUDGET SUBMISSION FOR FY 79. RECOMMENDATIONS CONTAINED HEREIN ARE COMPATIBLE WITH PARIS PARM SUBMISSION IN RESPONSE TO STATE 38356.

3. CAMPAIGN NO. 1: MINI-COMPUTER SYSTEMS AND EDP PERIPHERALS. (THIS IS CONTINUATION OF PROPOSED PRIORITY

CAMPAIGN FOR FY 78). THE LATEST MARKET STUDY (APRIL 1976) PREDICTS RAPID GROWTH FOR MINI-COMPUTER SYSTEMS AND PERIPHERAL SALES. AT THE 1977 PRINTEMPS INFORMATI-
TIVE TRADE CENTER SHOW THE DEMAND BY FRENCH AGENTS OF U.S. PRODUCTS IN COMPUTER RELATED LINES FOR EXHIBITION SPACE EXCEEDED AVAILABILITY; FLOOR INTERVIEWS REVEALED GREAT MARKET POTENTIAL FOR MINI-COMPUTER SYSTEMS AND EDP PERIPHERALS. IN THIS INNOVATIVE INDUSTRY WHERE NEW COMPANIES RISE TO PROMINENCE IN A SHORT TIME, IT IS BELIEVED THERE WILL STILL BE A SUBSTANTIAL NUMBER OF US MANUFACTURERS NOT ADEQUATELY REPRESENTED IN FRANCE AT THE END OF FY 78 DESPITE THE EXTENSIVE CAMPAIGN ACTIVITY ALREADY CONDUCTED.

4. CAMPAIGN NO. 2: BUSINESS EQUIPMENT. FRANCE RELIES ON IMPORTS FOR A MAJOR PORTION OF BUSINESS EQUIPMENT REQUIREMENTS. INTERVIEWS WITH EXHIBITORS AT THE 1977 BUSINESS EQUIPMENT TRADE CENTER EXHIBITION SHOWED A WIDE VARIETY OF PRODUCTS WITH HIGH SALES POTENTIAL IN THE MARKET. INCREASING GOVERNMENT EMPHASIS ON IMPROVING BUSINESS EFFICIENCY AS WELL AS CONTINUING GOVERNMENT AND PRIVATE SECTOR PURCHASES WILL KEEP DEMAND HIGH. US COMPANIES NOT NOW IN THE MARKET CAN READILY FIND FRENCH DISTRIBUTORS FOR THEIR PRODUCTS DUE TO HIGH INTEREST IN US ORIGIN ITEMS.

5. CAMPAIGN NO. 3: LABORATORY INSTRUMENTATION AND EQUIPMENT. EXISTING MARKET RESEARCH SUGGESTS AN ANNUAL REAL GROWTH RATE IN IMPORTS OF SCIENTIFIC AND IN-
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DUSTRIAL LABORATORY EQUIPMENT OF 8 PERCENT THROUGH 1980. WE ANTICIPATE THAT HEAVY FRENCH PUBLIC INVEST-
MENT PROGRAMS IN TELECOMMUNICATIONS, NUCLEAR POWER, AEROSPACE, AND MILITARY HARDWARE OVER NEXT FIVE YEARS WILL PRODUCE BOTH NEW NEEDS AND NEW RESOURCES FOR A STEPPED UP NATIONAL R & D PROGRAM. SUCCESS OF APRIL 1977 USTC SHOW ON THIS THEME WOULD CONFIRM OUR IMPRESSION THAT FRENCH INDUSTRY CONTINUES TO REGARD US AS TECHNOLOGICAL LEADER IN FIELD OF LABORATORY IN-
STRUMENTATION AND EQUIPMENT. IN FY 79 WE WILL REFINE

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OUR LIST OF IMPORTERS AND DEALERS (BUILDING ON WORK
DONE IN FY 78 PROCESS CONTROL INSTRUMENTATION CAMPAIGN)
AND ESTABLISH CHANNELS TO BRING THE LATEST US PRODUCTS
TO ATTENTION OF BOTH THE DISTRIBUTIVE COMMUNITY AND
THE MAJOR PUBLIC AND PRIVATE RESEARCH LABORATORIES.
THE FBG PROGRAM WILL PLAY A MAJOR ROLE IN THIS
PROCESS.

6. CAMPAIGN NO. 4: INDUSTRIAL SECURITY AND PLANT
SAFETY EQUIPMENT. A RECENT TRADE CENTER EXHIBITION
INDICATES THAT FRENCH BUSINESS IS LOGICALLY LOOKING
AT THE AMERICAN MARKET FOR DEPENDABLE INDUSTRIAL SECURITY
EQUIPMENT TO COMBAT RISING CRIME AND INDUSTRIAL ESPI-
ONAGE WHICH MARKET RESEARCH AND STATISTICS BOTH SHOW
ARE NOW BECOMING MAJOR PROBLEMS IN FRANCE. FRANCE
HAS HAD A PLETHORA OF JOB SAFETY LEGISLATION ON THE
BOOKS FOR MANY YEARS, AND SEVERAL HIGHLY PUBLICIZED
COURT DECISIONS IN 1976 PUTTING PLANT OWNERS IN JAIL
FOR WORKER ACCIDENTS HAVE RAISED PUBLIC, AND ESPECIALLY
BUSINESS INTEREST IN EFFICIENT EQUIPMENT TO IMPROVE
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JOB SAFETY. THE CAMPAIGN WILL FOLLOW A CCP OSPE,
FRESH MARKET RESEARCH, AND A TRADE CENTER SHOW ON
SECURITY SYSTEM AND EQUIPMENT IN FY 1978.

7. CAMPAIGN NO. 5: CONSUMER GOODS. CONTINUED US
QUALITY AND PRICE EDGE IN CERTAIN CONSUMER LINES,

NOTABLY READY-TO-WEAR CLOTHING AND LEISURE EQUIPMENT, PLUS THE INEVITABLY HIGH REACTIVE WORKLOAD IN THIS FIELD, JUSTIFIES CONTINUED DEPLOYMENT OF ONE MARKETING TEAM FULL-TIME ON THIS THEME. SELF-INITIATED ASPECTS OF THE TEAM'S WORK WILL INCLUDE THE NEGOTIATION OF IN-STORE PROMOTION AGREEMENTS AND THE SUPPORT OF USTC CONSUMER GOODS SHOWS, IF ANY. IN THIS REGARD WE SUGGEST THAT THE VIABILITY OF BOATING ACCESSORIES AND SMALL AGRICULTURAL AND GARDENING EQUIPMENT AS SHOW THEMES BE INVESTIGATED. (NOTE. OTHER SPECIAL POST EFFORTS (OSPE) NOTED BELOW REPRESENT OUR BEST JUDGMENT OF AREAS FOR SECONDARY PROMOTION IN FY 79. WE RECOMMEND THAT THESE SECTORS BE GIVEN STRONG CONSIDERATION AS THEMES FOR TRADE CENTER SHOWS SINCE THE OSPE'S WE ULTIMATELY CHOOSE FOR FY 79 WILL BE IN SUPPORT OF TC SHOWS SCHEDULED FOR THAT PERIOD.)

8. OSPE NO.1: PARIS AIR SHOW 1979. BIENNIAL PARIS AIR SHOW, TO BE REPEATED IN JUNE 1979, IS LARGEST SINGLE USDOC-SPONSORED EVENT WORLDWIDE AND WILL REQUIRE SUBSTANTIAL ALLOCATION OF EMBASSY STAFF TIME IN ANY CASE. MAJOR EFFORT WILL BE MADE IN FY 79 TO PROMOTE PRODUCTS OF US EXHIBITORS AMONG FRENCH AEROSPACE INDUSTRIES AT A TIME WHEN UNSWING IN THEIR ACTIVITY IS PROJECTED.

9. OSPE NO. 2: POLLUTION CONTROL EQUIPMENT-ENFORCEMENT OF POLLUTION CONTROL LEGISLATION WAS BLUNTED BY OVER-RIDING ECONOMIC CONCERNS DURING THE RECENT RECESSION. AS THE ECONOMIC SITUATION IMPROVES, HOWEVER, COMMERCIAL UNCLASSIFIED

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OPPORTUNITIES ARE EXPECTED TO INCREASE, ESPECIALLY FOR AMERICAN MANUFACTURERS, WHO ARE REGARDED BY THE FRENCH AS LEADERS IN THE TECHNOLOGY OF ENVIRONMENTAL PROTECTION. MARKET RESEARCH PINPOINTING SUCH OPPORTUNITIES WILL BE COMPLETED IN JUNE 1977.

10. OSPE NO. 3: (ALSO ALTERNATE CAMPAIGN) BUILDING SUPPLIES, FIXTURES AND EQUIPMENT. THE PROJECTED REVIVAL IN DOMESTIC INDUSTRIAL INVESTMENT SHOULD PRODUCE RELATED UPSWING IN BUILDING CONSTRUCTION, BOTH INDUSTRIAL AND INVESTMENT. WE ANTICIPATE A SHIFT TO NEW AND CHEAPER TECHNIQUES AND MATERIALS WITH A STRONG EMPHASIS ON ENERGY SAVING. WE WILL CONCENTRATE ON HIGHER TECHNOLOGY US MATERIALS AND EQUIPMENT AND WILL FOCUS NOT ONLY ON IMPORTERS AND DEALERS BUT ALSO ON MAJOR ARCHITECTS AND CONTRACTORS. WE WILL ALSO UNDERTAKE WIDESPREAD DISSEMINATION OF NEW PRODUCT LITERATURE, TRAVELING TECHNICAL SEMINARS

(USING VSMF), FBG PROMOTION AND A USTC SHOW (WITH A POSSIBLE OFF-SITE IN SOUTHERN FRANCE), AND AN EMBASSY-MOUNTED BIO AT A SUITABLE FRENCH SHOW.

11. OSPE NO. 4: LASERS AND ELECTRO OPTICS. DEMAND FOR

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US LASERS AND ELECTRO OPTICAL EQUIPMENT IS STRONG AND GROWING IN FRANCE. THE ESTIMATED MARKET FOR 1977 AMOUNTS TO \$15 MILLION. OVER HALF OF THE MARKET IS PROVIDED BY IMPORTS, WITH THE USA THE LEADING SUPPLIER. INDUSTRIAL APPLICATIONS OF LASERS ARE STARTING TO "TAKE OFF" REPRESENTING AN INCREASING SHARE OF THE MARKET VIS-A-VIS RESEARCH AND EDUCATIONAL USES. A TRADE CENTER EXHIBITION FEATURING LASERS AND ELECTRO-OPTICS IN FY 79 IS SUGGESTED. AT THE SUCCESSFUL EXHIBITION ON THIS THEME HELD APRIL 14-18 1975, MANY EXHIBITORS BELIEVED THAT A SHOW IN THIS FIELD OF RAPIDLY CHANGING TECHNOLOGY COULD BE JUSTIFIED EVERY 18-24 MONTHS. NEW MARKET RESEARCH IS NEEDED; THE LATEST STUDY WAS DONE ABOUT 1974 WITH CONCLUSIONS BASED ON 1973 STATISTICS.

12. OSPE NO. 5: (ALSO ALTERNATE CAMPAIGN). METALWORKING AND FINISHING EQUIPMENT. ASSUMING THAT THE LONG-AWAITED

REVIVAL IN FRENCH INDUSTRIAL INVESTMENT WILL HAVE
MATERIALIZED BY
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THE END OF FY 78, THERE IS NO DOUBT THAT THE DEMAND FOR BOTH NC AND AUTOMATED MACHINE TOOLS WILL RISE SHARPLY IN FY 79. WHILE GOF POLICIES WILL FAVOR THE DEVELOPMENT OF THE DOMESTIC MACHINE TOOL INDUSTRY, WE DO NOT ANTICIPATE THAT LOCAL MANUFACTURERS WILL BE ABLE TO SUPPLY AN ADEQUATE VOLUME AND RANGE FOR THE GENERAL RETOOLING OF FRENCH INDUSTRY NEEDED TO MEET THE CHALLENGE OF THE 1980'S. WE WILL FEATURE INTENSIVE CANVASSING OF AGENTS AND IMPORTERS, IDENTIFICATION OF MAJOR INDUSTRIAL RETOOLING PROJECTS, PARTICULARLY IN THE AUTOMOTIVE AND ELECTRONICS INDUSTRIES. FBG PROMOTION, AND A POSSIBLE USTC SHOW.

13. OSPE NO. 6: ELECTRONIC INDUSTRY PRODUCTION AND TEST EQUIPMENT. HEAVY INVESTMENT IN COMPONENT CONSUMING INDUSTRIES IS FORECAST IN FRANCE'S SEVENTH PLAN 1976-1980. THE MIDWAY PROGRESS REPORT FOR MARKET RE-SEARCH ON ELECTRONIC INDUSTRY PRODUCTION AND TEST EQUIPMENT IS ENCOURAGING FOR FUTURE U.S. SALES POINTING OUT THAT THERE IS SUCH A VARIETY OF TOOLS AND EQUIPMENT USED IN COMPONENT MANUFACTURE THAT THE INNOVATION AND INVENTIVENESS OF US COMPANIES CAN PLAY A FAVORABLE ROLE. CONTACTS DEVELOPED DURING THE FY 78 CAMPAIGN AND TRADE CENTER EXHIBIT WILL BE FURTHER DEVELOPED.

14. OSPE NO. 7: PRINTING AND GRAPHIC ARTS. A MARKET SURVEY PREPARED IN FEBRUARY 1977 INDICATES THAT WITH THE IMPROVEMENT OF THE ECONOMIC SITUATION IN FRANCE, MANY MEDIUM AND SMALL PRINTING COMPANIES, WHICH ARE NOW UNDER-EQUIPPED, WILL INVEST IN NEW EQUIPMENT. THIS UPSURGE IN EQUIPMENT DEMAND WILL DOINCIDE WITH THE COMMITMENT BY THE LARGE PRINTERS TO MOVE TO HIGHLY SOPHISTICATED SYSTEMS AND MACHINERY IN THE INTERESTS OF SPEED, LABOR COST CONTAINMENT, QUALITY AND CORPORATE VIABILITY. EXCELLENT OPPORTUNITIES FOR US MANUFACTURERS WILL EXIST ESPECIALLY FOR ADVANCED
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EQUIPMENT WHICH WILL IMPROVE THE QUALITY OF PRINTING AND LOWER THE COST OF THE PRODUCTS. IT IS ANTICIPATED THAT IMPORTS FROM THE US WILL INCREASE 333.5 FROM 1975 TO 1981.

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Disposition Case Number: n/a
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